

**PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
("Upland Mesa Area Adjacent to Bolsa Chica Ecological Reserve")**

by and between

**SIGNAL LANDMARK, a California corporation
(Successor by Merger to Signal Bolsa Corporation)**

and

**THE STATE OF CALIFORNIA
acting by and through its Department of Fish and Game,
Wildlife Conservation Board**

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EXHIBIT LIST

- Exhibit A – Depiction
- Exhibit B – Legal Description of Lower Bench
- Exhibit C – Form of Grant Deed
- Exhibit D – Natural Hazard Disclosure Statement
- Exhibit E – Hazardous Materials Disclosure

**PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
("Upland Mesa Area Adjacent to Bolsa Chica Ecological Reserve")**

This Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement") dated as of August __, 2004 (the "Agreement Date"), is made between Signal Landmark, a California corporation ("Signal"), successor by merger to Signal Bolsa Corporation and the State of California acting by and through its Department of Fish and Game, Wildlife Conservation Board ("State"), with reference to the following:

RECITALS

A. "Bolsa Chica" is the name generally used to describe an area encompassing approximately 1,600 acres located in northwestern Orange County, California, bounded on three sides by the City of Huntington Beach and located landward of the Pacific Coast Highway. The lands constituting Bolsa Chica are depicted on the aerial photograph attached hereto as Exhibit A ("Depiction"). The Depiction shows the following specified parcels:

- Bolsa Chica Ecological Reserve in the Bolsa Chica wetlands ("Reserve")
- Bolsa Chica Lowlands ("Lowlands")
- Upper Bench of the Bolsa Chica Mesa ("Upper Bench")
- Lower Bench of the Bolsa Chica Mesa ("Lower Bench")
- Ocean View School District Property
- Edwards Thumb
- Fieldstone Property
- Huntington Mesa Portion

B. The State of California acting by and through the State Lands Commission ("SLC") owns the Reserve and the Lowlands.

C. Signal owns the:

- Upper Bench
- Lower Bench
- Edwards Thumb
- Huntington Mesa Portion

D. A subsidiary of Signal, Hearthside Residential Corp., owns the Fieldstone Property.

E. The Upper Bench contains approximately 105.3 acres and the Lower Bench contains approximately 103.2 acres. Together, these two areas constitute the “upland mesa areas” of Bolsa Chica and are collectively referred to as the “Mesa.” The Lower Bench surrounds the approximately 15-acre Ocean View School District Property. Signal’s planned Brightwater Upland Habitat Park (a proposed recreation/conservation open space area within the Upper Bench comprising approximately 28 acres) would separate the Upper Bench from the Lower Bench. The legal description of the Lower Bench is attached hereto as Exhibit B.

F. The Mesa is immediately adjacent to and overlooks the Reserve. The Reserve is an area which the California Fish and Game Commission has designated as an Ecological Reserve pursuant to California Fish and Game Code Section 1580. The Reserve supports sensitive plant populations and provides important habitat for at least four species of endangered birds, including the California brown pelican, California least tern, Belding’s savannah sparrow and Western snowy plover. The California Department of Fish and Game has jurisdiction over the Reserve pursuant to a lease with the SLC.

G. The Lowlands is an approximate 880-acre area lying inland from the Reserve, between the Bolsa Chica Mesa and the Huntington Mesa. Significant portions of the Lowlands are biologically degraded and encumbered by oil operations. For more than a decade, planning, engineering and permitting have been underway to restore the Lowlands. Wetlands restoration construction is expected to begin in late 2004.

H. The Reserve and the Lowlands together comprise one of the few remaining largely undeveloped coastal bay and lowland ecosystems in Southern California and are thus a significant ecological resource.

I. Bolsa Chica is bounded on three sides by urban development and thus presents an opportunity to educate the public on coastal fish and wildlife resources. Despite its proximity to urban development, there has been long-standing regional interest in conserving and restoring Bolsa Chica.

J. The desire of the local community to extend public ownership of Bolsa Chica beyond the Reserve and the Lowlands has lead to a public position favoring the acquisition of undeveloped lands around those currently in public ownership.

K. Conversely, the Mesa has been the subject of various proposals for residential development for over 30 years and the County's General Plan and zoning regulations permit residential development on the Mesa. Signal has informed the State that it intends to develop the Mesa for residential purposes since it believes that residential development is the highest and best use for such real properties and because there is significant market demand for new homes in Huntington Beach and Orange County. Signal is currently seeking entitlements for the Upper Bench to enable it to proceed with the construction of 379 homes in a project called "Brightwater."

L. Upon obtaining entitlements for Brightwater and the receipt of shareholder approval pursuant to Section 6.2.2 below, Signal will offer to dedicate, without charge or cost, the Brightwater Upland Habitat Park and the Huntington Mesa Portion to the County of Orange to be preserved as open space. Dedication of the 51-acre Huntington Mesa Portion would complete the Harriett M. Wieder Regional Linear Park, a 105-acre planned regional park.

M. The Mesa contains a heron and egret rookery, a population of southern tarplant, two small seasonal wetlands, a two-acre coastal wetland known as "Warner Pond", and grasslands which are not only used for raptor foraging, but also are one of the last grasslands adjacent to a coastal wetland, all within separate Environmentally Sensitive Habitat Areas.

However, the Mesa supports fewer biologically sensitive resources than the Reserve and Lowlands.

N. There is public support for government acquisition of at least 100 acres of the Mesa to augment the Reserve and Lowlands in terms of preserving a sizable upland area adjacent to public lands along the coast which contain valuable ecological resources. Public acquisition of coastal lands adjacent to the Reserve would enhance the Bolsa Chica experience.

O. Currently, the SLC and Hearthside Residential Corp. are in discussions regarding the potential public acquisition of the Fieldstone Property. Hearthside Residential Corp. has indicated that it is a willing seller interested in conveying the Fieldstone Property to the SLC.

P. Edwards Thumb is subject to oil and gas operations pursuant to an oil and gas lease to a third party lessee which will terminate at the time oil and gas operations have ceased.

Q. There are thus presently opportunities for the State of California to enhance and enlarge its ownership of land within Bolsa Chica. Such opportunities are likely to diminish over time as property development continues to encroach toward the Reserve and Lowlands. Moreover, with the planned restoration activities within the Lowlands, there is currently a potential to better integrate restoration and compatible public use of adjacent lands.

R. Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (California Water Code Section 79500 et seq.) ("Water Bond"), among other things, appropriates funds to the State for the acquisition, protection and restoration of coastal wetlands, upland areas adjacent to coastal wetlands, and coastal watershed lands in or adjacent to urban areas, as described in Water Code Section 79572

S. Section 79572(b) of the Water Bond states "[o]f the remaining funds available, pursuant to that section," the State "shall give priority to the acquisition of not less than 100 acres consisting of upland mesa areas, including wetlands therein, adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County." These are the only lands specifically designated for priority in Section 79572.

T. The Mesa comes within the scope of “upland mesa areas” under Section 79572 of the Water Bond.

U. In carrying out Section 79572(b) of the Water Bond, the State has undertaken an investigation to determine the feasibility of acquiring the Mesa. In this regard, the State has taken into consideration the requirements of the Water Bond, including the fair market value and willing seller.

V. In light of Signal’s plans for the Brightwater project, Signal is currently willing to sell only the approximately 103.2-acre Lower Bench to the State. Such an acquisition by the State would constitute acquisition of “not less than 100 acres consisting of upland mesa areas, including wetlands therein, adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County” identified in Section 79572(b) of the Water Bond.

W. The State is in accord with acquisition of the Lower Bench, rather than the entirety of the Mesa, based on competing demands on Water Bond funds and the fact that the Lower Bench more closely adjoins the Reserve and thus, the Lower Bench has a more direct identity with the Reserve.

X. The purpose of this Agreement is to provide the terms and conditions for the purchase and sale of the Lower Bench between Signal and the State. Signal and the State together shall be referred to as the “Parties.”

AGREEMENT

NOW, THEREFORE, taking into account the foregoing Recitals, and in consideration of the terms and conditions set forth herein, the parties hereto agree as follows

Article 1 **Sale and Purchase of Lower Bench**

Signal hereby agrees to sell the Lower Bench to the State, and the State hereby agrees to purchase the Lower Bench from Signal, in accordance with the terms and conditions set forth in this Agreement.

Article 2 **Purchase Price**

2.1. Purchase Price

The State shall pay to Signal an amount equal to sixty-five million dollars (\$65,000,000.00) ("Purchase Price") for the Lower Bench.

2.2. Charitable Gift

Signal acknowledges that the State has not made and is not making any representation or warranty as to the tax treatment of the transaction this Agreement contemplates.

Article 3 **Opening Escrow**

3.1. Opening Escrow

Within five (5) business days after approval of this Agreement by the California Department of General Services ("DGS"), the Parties shall cause an escrow to be opened at First American Title Insurance Company, 2 First American Way, Santa Ana, California 92707, Attn: Ronald Gomez ("Title Company") by depositing a fully executed original of this Agreement with Title Company. Title Company shall insert the date of receipt of the executed copy of this Agreement into the "Acceptance by Title Company" on the signature page of this Agreement and shall notify the Parties of the date of such receipt (the "Effective Date"). Title Company shall be the party responsible for filing the required Form 1099B (or other required form) with the U.S. Internal Revenue Service.

3.2. Escrow Instructions

This Agreement shall also constitute the joint escrow instructions by Signal and the State to the Title Company. State and Signal shall promptly execute such supplemental escrow instructions as the Title Company shall reasonably request; provided, however, that if there is any inconsistency between the terms of this Agreement and such supplemental escrow instructions, the terms of this Agreement shall control.

3.3. Schedule of Closing

The closing of the transaction provided in this Agreement (the "Close of Escrow") shall occur at the time that all the conditions precedent set forth in Article 6 hereof have been satisfied or waived, all of the fully-executed documents and the Purchase Price shall have been delivered to Title Company, and on the day the "Grant Deed" (as defined below) is recorded with the Orange County Recorder (the "Closing Date"). The Closing Date shall occur no later than the "Outside Date," as defined in Section 3.4 hereof.

3.4. Outside Date

If the Closing Date shall not have occurred on or before June 30, 2005 or such later date as mutually agreed by the Parties (the "Outside Date"), then this Agreement shall automatically terminate.

Article 4 **Due Diligence and Title Review**

4.1. Inspection/Due Diligence

The State shall have until five business days after the date DGS approves this Agreement ("Inspection Period") to inspect the Lower Bench, including, without limitation, the environmental condition of the Lower Bench and all agreements affecting or encumbering the Lower Bench. Signal shall provide copies of such agreements to State within 10 days after the Agreement Date. State's investigation of the Lower Bench shall be in its sole discretion. State may elect during the Inspection Period not to purchase the Lower Bench for any reason. State's disapproval shall only be reflected by delivery of written disapproval to Signal. If such written disapproval is not given within the Inspection Period, it shall be presumed that the State has elected to proceed with acquisition of the Lower Bench. If the State gives notice of disapproval, the Parties will execute appropriate escrow cancellation instructions, the Escrow will be canceled, and neither party will have any further rights, duties or obligations to the other. The Inspection Period may be extended provided the Parties so agree in writing.

4.2. Right to Inspect Lower Bench

The State shall have the right of access to the Lower Bench to conduct such tests, surveys, inspections and investigations as it deems appropriate, including, without limitation,

environmental assessments. Notwithstanding the foregoing right to inspect the Lower Bench after the Agreement Date, State acknowledges that it shall have no further approval rights with respect to the condition or status of the Lower Bench, other than as provided in this Agreement. To the extent permitted by California Government Code Section 14662.5, State hereby agrees to indemnify and hold harmless Signal for any claim, loss, damage, cost or liability approximately caused by the exercise by the State of any of its inspection rights under this Agreement.

4.3. Title Review

4.3.1. Property Title Review

State shall have until the expiration of the Inspection Period (as defined in Section 4.1) to review any surveys and the preliminary title report ("PTR") for the Lower Bench to be delivered by Signal to State, with legible copies of all exceptions reflected therein, within 10 days after the Agreement Date. No later than the expiration of the Inspection Period, State will advise Signal in writing of any exceptions in the PTR matters disclosed on any surveys, which the State desires Signal to have removed on or before the Close of Escrow. If State fails to provide Signal with timely notice of any objections to the PTR or any surveys, it shall be conclusively presumed that the State has approved the same. Within 10 days of receipt of the State's title or survey objections, Signal will notify the State as to which title or survey exceptions Signal will remove prior to Close of Escrow. If Signal fails to give the State said notice, it will be conclusively presumed that Signal is unable or unwilling to remove such exceptions. In the event Signal declines or is unable or unwilling to remove any such exception(s) to which State has objected, the State may elect to either: (i) terminate this Agreement (whether or not the Inspection Period has expired) and any applicable escrow fees shall be paid by Signal; or (ii) proceed with the purchase of the Lower Bench provided for herein subject to such exceptions. The Close of Escrow may be extended as necessary to accommodate the timely exercise of the procedures set forth in this Section 4.3.2, but in no event shall such extension be later than the Outside Date, or such later date as the Parties may agree.

4.3.2. Intervening Exceptions

The State shall have 10 days from such date as it is notified thereof in writing (and is provided a legible copy of the underlying exception documents) to review and object to

any new exception to title that is monetary in nature or, if non-monetary, that could reasonably have a material adverse effect upon the fair market value of the Lower Bench or have a material impact upon the State's anticipated use of the Lower Bench ("Intervening Exceptions"). Within 10 days of receipt of the State's objections to any Intervening Exceptions, Signal will notify the State as to which Intervening Exceptions, if any, Signal will remove prior to the Close of Escrow. If Signal fails to give the State said notice, it will be conclusively presumed that Signal is unable or unwilling to remove such Intervening Exceptions. In the event Signal declines or is unable or unwilling to remove any Intervening Exceptions to which the State has objected, the State may elect either to (i) terminate this Agreement (whether or not the Inspection Period has expired), and any applicable escrow fees shall be paid by Signal, or (ii) proceed with the acquisition of the Lower Bench subject to such exceptions. The Close of Escrow may be extended as necessary to accommodate the timely exercise of the procedures set forth in this Section 4.3.2, but in no event shall such extension be later than the Outside Date, or such later date as the Parties may agree.

4.3.3. Monetary Encumbrances

Notwithstanding anything herein to the contrary, Signal will remove all monetary liens and encumbrances (except any statutory liens for non-delinquent real property taxes or general or special assessments and any mechanic's liens that have been fully bonded in such a manner that they will not appear as an exception on the Title Policy) affecting any portion of the Lower Bench being conveyed upon the Close of Escrow, and if so removed or bonded, then the State shall have no right to terminate this Agreement as set forth in Section 4.3.2 above by reason of such liens or encumbrances.

4.4. Possession

Signal will deliver possession of the Lower Bench to State at the Close of Escrow, free and clear of anyone in possession.

4.5. Title Insurance

4.5.1. The term "Permitted Exceptions" shall mean the exceptions approved by the State pursuant to Sections 4.3.1 and 4.3.2 above. Signal agrees that monetary liens and encumbrances, including unpaid taxes, shall not constitute Permitted Exceptions.

4.5.2. Signal shall cause the Title Company, at the Close of Escrow, to provide the State with a CLTA owner's title policy or, at the State's election, an ALTA extended coverage owner's title policy in the full amount of the Purchase Price, insuring that fee simple title to the Lower Bench is vested in the State of California subject only to the Permitted Exceptions (the "Title Policy"). Signal will pay the premium for a CLTA policy of title insurance in the amount of the Purchase Price. The State will pay any additional premium for an ALTA extended owner's policy for the Lower Bench, together with the cost of any survey that may be required in order for the title company to issue an ALTA extended policy of title insurance to State for the Lower Bench. The State will further pay for any endorsements that it may require.

4.6. Signal's Promise Not to Encumber the Lower Bench

During the term of this Agreement, Signal promises not to (a) make or permit to be made, extend or permit to be extended, any leases, contracts, options or agreements affecting the Lower Bench, except any such agreements as may be terminable without penalty (unless Signal pays such penalty) on 30 days' or less notice; or (b) cause or permit any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon or created with respect to the Lower Bench, except such matters as may be imposed by instruments that contain provisions which provide for or allow payment in full or release of the Lower Bench from any lien or encumbrance created thereby at or prior to the Close of Escrow and except such mechanic's liens or other involuntary liens as are fully bonded in such a manner that they will not appear as an exception on the Title Policy; or (c) cause or permit any mortgage, deed of trust or other lien to be foreclosed upon due to any actions or omissions by Signal, including failure to make a required payment or failure to obtain any required consent.

4.7. Condemnation

In the event of the taking of all or any material part of the Lower Bench by eminent domain proceedings, or the commencement of such proceedings prior to the Close of Escrow, the State will have the right, at its option, to terminate this Agreement by written notice to Signal and any applicable escrow fees shall be shared equally by Signal and the State, provided, however, that State will not have such right of termination if such eminent domain proceedings are initiated by any department, board, commission or other agency of the State within the

California Resources Agency. If the State does not elect to terminate this Agreement, then the State shall, as applicable, either: (a) proceed to the Close of Escrow as provided herein with the Purchase Price being reduced as applicable, by the total of any awards or other proceeds received or assured to be received by Signal as a result of such proceedings, or (b) proceed to the Close of Escrow as provided herein with an assignment, as applicable, by Signal to the State of all of Signal's right, title and interest in and to all such awards and proceeds (including, if such taking also affects the Purchase Rights, any awards or proceeds affecting the same). Signal will promptly notify the State in writing of any actual or threatened eminent domain proceedings affecting the Lower Bench of which Signal has actual knowledge or notice.

4.8. Obligation to Maintain Lower Bench

During the term of this Agreement and unless otherwise specifically provided in this Agreement, Signal shall not:

4.8.1. Remove or permit the removal of any vegetation, soil or minerals from the Lower Bench or disturb or permit the disturbance of the existing contours and/or other natural features of the Lower Bench; provided that this covenant shall not be construed to restrict or prohibit Signal from taking any and all actions necessary to (i) prudently maintain and manage the Lower Bench with respect to fire prevention, health or safety purposes or (ii) implement any of the easements or other agreements described in the PTR; or

4.8.2. Cause or permit any agent, employee, contractor, invitee or other person within the reasonable control of Signal to release or deposit any material on the Lower Bench, including, without limitation, trash, debris, hazardous materials, or solid or liquid wastes of any kind.

4.9. Condition Upon Close of Escrow

Signal agrees to deliver the Lower Bench to the State at the Close of Escrow in substantially the same condition as on the Agreement Date, except for ordinary wear and tear and the impact of weather conditions and other natural forces beyond the control of Signal.

Article 5
Deliveries Into Escrow

5.1. Documents to be Delivered by Signal

No later than one business day before the earlier of the Outside Date or the scheduled Close of Escrow, Signal shall deliver or cause to be delivered to Title Company:

5.1.1. A recordable grant deed (the "Grant Deed"), duly executed and acknowledged by Signal, conveying the Lower Bench to the State, in the form of Exhibit C attached hereto.

5.1.2. An Affidavit executed by Signal stating that Signal is not a "foreign person" under Section 1445(b) of the Internal Revenue Code, and a Franchise Tax Board (State of California) Form 590 executed by Signal ("Affidavit").

5.1.3. Natural Hazard Disclosure Statement executed by Signal, in the form of Exhibit D hereto ("Disclosure").

5.1.4. All other documents reasonably required by Title Company in order to allow Close of Escrow to take place.

5.2. Funds and Documents to be Delivered by State

Not later than one business day before the earlier of the Outside Date or the scheduled Close of Escrow, State shall deliver or cause to be delivered to Title Company:

5.2.1. Immediately available funds, in an amount equal to the Purchase Price.

5.2.2. State's standard form of certificate of acceptance of the Grant Deed, executed by State (the "Acceptance").

5.2.3. A copy of the Disclosure, executed by State.

5.2.4. All other documents reasonably required by Title Company in order to allow Close of Escrow to take place.

Article 6
Conditions Precedent to Closing

6.1. State's Closing Conditions

The State's obligation to perform under this Agreement and to close Escrow shall be conditioned upon satisfaction of each of the conditions precedent which are listed below for the benefit of the State. No waiver of a condition precedent by the State shall be effective or enforceable unless in writing signed by the State. The following are the conditions precedent for the benefit of the State:

6.1.1. Delivery of Documents and Funds

Signal shall have completed the timely delivery to Title Company of all documents and funds which this Agreement requires Signal to deliver or cause to be delivered to Title Company.

6.1.2. Performance of Obligations

Signal shall have timely performed the obligations required to be performed by it on or before the Close of Escrow.

6.1.3. Representations and Warranties of Signal

There shall be no inaccuracy in or breach of any Signal's representations, warranties and covenants set forth in Article 10 and elsewhere in this Agreement.

6.1.4. Title Policy

The Title Company shall be irrevocably committed to issue the Title Policy to State, upon the Close of Escrow.

6.1.5. Condition of Lower Bench

Between the Agreement Date and the Close of Escrow there shall have been no material adverse change in the physical condition of the Lower Bench.

6.1.6. Terminations

All leases, contracts, options or agreements affecting or encumbering the Lower Bench and not constituting a Permitted Exception which the State requires Signal to terminate shall have been terminated.

6.1.7. Required Approvals

The Wildlife Conservation Board (as defined in California Fish and Game Code Section 1320) shall have approved and authorized the acquisition of the Lower Bench at a public meeting and identified such funds as are necessary to carry out such transaction as required by Section 6.3.

6.2. Signal's Closing Conditions

Signal's obligation to perform under this Agreement and to close Escrow shall be conditioned upon satisfaction of each of the conditions precedent which are listed below for the benefit of Signal. No waiver of a condition precedent by Signal shall be effective or enforceable unless in writing signed by Signal. The following are the conditions precedent for the benefit of Signal:

6.2.1. Delivery of Documents and Funds; Performance

The State shall have completed the timely delivery to the Title Company of all documents and funds which this Agreement requires the State to delivery or cause to be delivered to Title Company and shall have performed the obligations required of it on or before the Close of Escrow.

6.2.2. Required Approvals

Signal shall have obtained approval of this Agreement from its shareholders in their sole discretion. Signal shall notify State in writing promptly upon receipt of shareholder approval.

6.2.3. Representations and Warranties of State

There shall be no material inaccuracy in or breach of any of State's representations and warranties set forth in Article 11.

6.3. State Approval and Identification of Funds

Concurrently with the approval and authorization of State's acquisition of the Lower Bench by the Wildlife Conservation Board, the State shall identify the funds to be used to pay the Purchase Price, which funds (a) shall be appropriated to State in such a manner that such funds may be used to consummate the transactions contemplated by this Agreement, (b) shall not be encumbered for other State purposes, and (c) shall not be subject to re-appropriation by the California State Legislature, provided this Agreement is approved by DGS, the Department of Finance (following notification to the Joint Legislative Budget Committee) authorizes the State to commit such identified funds, and the Close of Escrow occurs.

6.4. Execution and Delivery of Agreement

The Parties acknowledge and agree that in order for the Wildlife Conservation Board to consider approving and authorizing the acquisition of the Lower Bench by the State, Signal is required to deliver an executed copy of this Agreement to the State for consideration. The Parties further acknowledge and agree that following consideration and approval by the Wildlife Conservation Board, this Agreement must be executed by the State and thereafter forwarded to DGS for approval, and that unless and until such approval is provided by DGS, this Agreement shall not be binding upon the State or Signal.

6.5. Termination of Agreement Upon Disapproval

Notwithstanding any other provision set forth herein, Signal may withdraw the executed copy of this Agreement delivered to the State and shall not be bound further by this Agreement by providing written notice of such intent to the State within 10 days after formal action by the Wildlife Conservation Board disapproving the State's entry into or rejecting this Agreement or within 10 days after formal action by the shareholders of Signal disapproving Signal's entry into or rejecting this Agreement.

Article 7
Closing the Escrow

7.1. The Closing

When all the required documents and funds have been deposited with the Title Company by the appropriate parties in accordance with Article 5, and when all of the other conditions

precedent to the Close of Escrow have been satisfied or waived, the Title Company shall do the following: (a) date all undated documents as of the date of the Close of Escrow, (b) attach the Acceptance to the Grant Deed, (c) to the extent counterparts of documents have been provided, detach and re-attach signature pages so that there are fully executed sets of the documents, (d) pay all fees and expenses incident to the Escrow as set forth in Article 9 and (f) in the following order:

7.1.1. Record the Grant Deed and the Acceptance in the Official Records of Orange County.

7.1.2. Deliver to State the Affidavits and one fully executed set of Disclosures.

7.1.3. Deliver to Signal by wire transfer in accordance with wiring instructions to be provided by Signal, an amount equal to the Purchase Price, adjusted by deducting Signal's share of closing costs, if any, and deducting any net debit or crediting any net credit to Signal's account by reason of prorations.

7.1.4. Deliver conformed copies of all the recorded documents to State and Signal at the addresses set forth in Section 12.6 hereof.

7.2. Escrow Termination

If for any reason the Escrow has not closed by 11:59 p.m. on the Outside Date, then (a) the Escrow shall be deemed terminated automatically without further action by either party, (b) any documents and/or funds deposited with Title Company shall be returned to the party depositing the same (less escrow cancellation charges chargeable to such party from any such funds), without any further consent from any other party to the Escrow, and (c) unless otherwise provided in this Agreement, all escrow cancellation charges shall be paid 50% by State and 50% by Signal. The termination of the Escrow as provided herein shall be without prejudice to the legal and equitable rights a party has against the other party under this Agreement for breach.

Article 8

Prorations

8.1. Real Property Taxes Affecting the Lower Bench

Signal shall cause all property taxes, assessments, penalties and interest, if any (collectively, "taxes"), regarding the Lower Bench for all periods on and prior to the Close of Escrow to be paid prior to the Close of Escrow. Signal shall be solely responsible for obtaining any refund from the County of Orange or other taxing authority of real property taxes caused to be paid by Signal and affecting the Lower Bench for the period after the Close of Escrow. At Signal's sole cost, the State shall, upon demand, promptly execute and deliver any documents or instruments reasonably requested by Signal in order to facilitate obtaining such refund. Signal shall also be responsible to pay taxes not due and payable at Close of Escrow but which are attributable to any time prior to Close of Escrow.

8.2. Prorations

There shall be no prorations except as provided in Section 8.1 above.

Article 9

Closing Costs

9.1. Cost Allocation

Signal shall be responsible for payment of the costs of the CLTA Title Policy. The State shall be responsible for any additional title insurance premium over and above that for a CLTA Title Policy associated with obtaining an ALTA policy of title insurance and for the costs of endorsements. The State and Signal shall equally bear the escrow fees of the Title Company. Other fees and charges, if any, shall be allocated according to the custom of Orange County, California, as declared by the Title Company. The State will pay its share of the closing costs after the Close of Escrow directly to the Title Company.

9.2. Legal Fees

Each party shall bear its respective legal fees and expenses incurred in negotiating, documenting and closing this transaction.

Article 10
Signal's Representations and Warranties

10.1. General Representations and Warranties

Signal hereby makes the following representations and warranties, each of which is as of the Agreement Date, and will be as of the Close of Escrow, true in all material respects:

10.1.1. Signal has the full power and authority to enter into and perform this Agreement and the person signing this Agreement for Signal has the full power and authority to sign for Signal and to bind it to (i) perform the obligations set forth in this Agreement, and (ii) to sell, transfer and convey all its right, title and interest in and to the Lower Bench in accordance with this Agreement.

10.1.2. To the best of Signal's knowledge, based solely on the knowledge of Raymond J. Pacini, Signal's President and Chief Executive Officer, and Ed Mountford, Signal's Project Manager, the conveyance of the Lower Bench in accordance with this Agreement will not violate any provision of State or local subdivision laws.

10.1.3. The Lower Bench has legal and physical access to a public road insurable by the CLTA Title Policy.

10.1.4. There is no tenant or occupant in possession of any part of the Lower Bench.

10.1.5. There is no suit, action, arbitration, legal, administrative or other proceeding or inquiry pending against the Lower Bench, or pending against Signal which could affect Signal's title to the Lower Bench, materially affect the value of the Lower Bench, or subject an owner of the Lower Bench to liability related to the Lower Bench.

10.1.6. There is no order, writ, injunction or decree issued by any court prohibiting the consummation of the transactions contemplated by this Agreement.

10.1.7. Signal is not insolvent and has not filed for protection under the bankruptcy laws of the United States.

10.1.8. There are no encumbrances or liens against the Lower Bench, including, but not limited to, mortgages or deeds of trust, except as set forth in the PTR or as permitted by Section 4.6, and there is no event of default under any mortgage or deed of trust affecting the Lower Bench.

10.1.9. There is no lease, license, permit, option or right of first refusal, written or oral, which affects the Lower Bench, except as disclosed in the PTR.

10.1.10. To the best of Signal's knowledge, except as set forth in the PTR and any survey provided by Signal to the State, there are no encroachments by third parties on the Lower Bench and no improvements on the Lower Bench that encroach upon the property of any third party.

10.1.11. None of the transactions contemplated by this Agreement will constitute a breach or default under any agreement to which Signal is bound and/or to which the Lower Bench is subject (except existing deeds of trust which will be reconveyed prior to the Close of Escrow).

10.1.12. There are no and have been no actual or impending public improvements or private rights or actions which will result in the creation of any liens upon the Lower Bench, including public assessments or mechanics' liens. In addition, except for a notice from the Coastal Commission, dated May 11, 1004 regarding paint ball activities/"development," there are no uncured notices from any governmental agency notifying Signal of any violations of law, ordinance, rule or regulation, including environmental laws, occurring on the Lower Bench.

10.2. Hazardous Materials

10.2.1. Definitions.

As used in this Section 10.2, the following terms shall have the following meanings:

(i) "Hazardous Material" means any material, substance or waste which is defined as or contains any hazardous substance, pollutant or contaminant as those terms are defined, designated, classified or listed in the Comprehensive Environmental Response,

Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. as amended ("CERCLA") and the regulations promulgated thereunder, and any other material substance or waste similarly defined, designated, classified, listed or identified in any other "Environmental Laws," as defined below. This definition specifically includes asbestos-containing material, petroleum, including crude oil or any fraction thereof, petroleum-based products, pesticides and polychlorinated biphenyls ("PCBs").

(ii) "Environmental Laws" means each and every federal, state, and local law, statute, regulation and ordinance or binding judicial or administrative order, decree or other determination of any governmental authority governing the manufacture, import, use, handling, storage, transport, processing, release or disposal of materials, substances or wastes, pollutants or contaminants deemed hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic, reproductive toxicant or dangerous or injurious to public health or to the environment or relative to air quality, water quality, solid waste management, hazardous waste management, hazardous or toxic substances or protection of human health or the environment, including, but not limited to, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. Section 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.) ("RCRA"), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), and the Federal Insecticide, Fungicide, Rodenticide Act (7 U.S.C. Section 136 et seq.), as each of these laws have been amended, and any analogous state or local statutes and regulations promulgated pursuant thereto, as the same have been amended.

10.2.2. Representation and Warranty

Signal represents and warrants to State as of the Agreement Date and as of the Close of Escrow, based solely on the knowledge of Raymond J. Pacini and Ed Mountford, that there are no Hazardous Materials on, in or under the Lower Bench except as disclosed in Exhibit E attached hereto. Signal hereby agrees to indemnify and hold the State harmless with regard to any breach of this Section 10.2 except with respect to any Hazardous Materials deposited by the State. This Section 10.2 shall survive the Closing.

10.2.3. Non-Waiver

Signal and the State acknowledge and agree that nothing in this Section 10.2 or elsewhere in this Agreement constitutes or shall be deemed a release of Signal by the State of liability, if any, for the cleanup, investigation or remediation of hazardous materials under applicable Environmental Laws or under common law. The State hereby reserves all such rights and claims or causes of action, if any, against Signal or any other person or entity under applicable Environmental laws or under common law. The provisions of this Section 10.2 shall survive the Close of Escrow.

Article 11

State's Representations and Warranties

State hereby makes the following representations and warranties, each of which is as of the date State executes this Agreement, and will be as of the Close of Escrow, true in all material respects:

11.1. State acknowledges that it independently or through its respective agents, has been given access to the Lower Bench and that it has made, or will have made, such inquiries, inspections, tests, studies and analyses of the Lower Bench as it deems necessary or desirable in connection with this transaction.

11.2. State acknowledges and agrees that Signal is conveying and State is acquiring and accepting the Lower Bench in its current condition except as expressly provided in this Agreement. Except as expressly provided in this Agreement, Signal disclaims any and all representations and warranties, express or implied, from Signal or its agents as to any matter concerning the Lower Bench, including without limitation fitness for any particular purpose for which State may elect to use the Lower Bench. The provisions of this Section 11.2 do not in any way relieve either Party of any obligation under this Agreement or any other document executed and delivered by either party to the other party pursuant to this Agreement.

11.3. Subject to the approval of DGS, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any breach of the terms of, conditions of, or constitute a default under, any contractual obligation by which the State is bound.

11.4. Subject to the approval of DGS and the Department of Finance, the State is duly authorized and qualified to do all things required of it under this Agreement.

11.5. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any order, writ, injunction or decree of any court in any litigation to which State is a party.

11.6. Subject to the approval of the DGS, the person executing this Agreement on behalf of the State is and will be duly authorized to fully and legally bind the State.

Signal's only remedy for any inaccuracy or breach of the representations and warranties set forth in Sections 11.4 through 11.6 shall be to treat such inaccuracy or breach as a failure to satisfy the closing condition set forth in Section 6.2.3

Article 12

Miscellaneous Provisions

12.1. Waiver; Modification

No delay on the part of either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of either Party of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver shall be binding unless in writing and signed by the party making the waiver. A modification of any provision herein contained, or any other amendment to this Agreement, shall be effective only if the modification is in writing and signed by the Parties.

12.2. Applicable Law

This Agreement shall in all respects be governed by the laws of State of California applicable to agreements executed and to be wholly performed within this State without regard to principles of conflicts of law.

12.3. Attorneys' Fees

Should either Party commence any legal action or proceeding to enforce any provision of this Agreement or for damages by reason of an alleged breach of any provision of this Agreement, the prevailing party shall be entitled to recover from the Party not prevailing such amount as the court may adjudge to be reasonable attorneys' fees for services rendered to the prevailing party in such action or proceeding.

12.4. No Brokers

Signal shall be responsible for any brokerage fees or commissions relating to the purchase of the Lower Bench by the State.

12.5. Separate Counterparts

This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.

12.6. Notices

Any notice, demand or other communication required or given under this Agreement ("Notice") shall be in writing and given personally, by certified or registered mail, postage prepaid, return receipt requested, by confirmed fax, or by reliable overnight courier to the address of the respective parties set forth below. Any Notice shall be deemed given (a) if served personally, upon receipt, (b) if served by facsimile transmission, on the date of receipt as shown on the received facsimile provided Notice is given concurrently by first-class mail, and (c) if served by certified or registered mail or by reliable overnight courier, on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier. Each Party may, from time to time, designate any other address for purposes of Notice by giving written Notice to the other Party. Notices shall be given as follows:

If to Signal, to:

Signal Landmark
6 Executive Circle, Suite 250
Irvine, CA 92614
Attn.: Raymond J. Pacini
Facsimile No.: (949) 261-6550

with a copy to:

Nossaman, Guthner, Knox & Elliott, LLP
445 South Figueroa Street - 31st Floor
Los Angeles, California 90071-1602
Attn.: Howard D. Coleman, Esq.
Facsimile No.: (213) 612-7801

If to State, to:

Department of Fish & Game
Wildlife Conservation Board
1807 13th Street, Suite 103
Attn.: Executive Director
Facsimile No.: (916) 323-0280

with a copy to:

Department of Fish & Game
1416 Ninth Street, 12th Floor
Sacramento, CA 95814
Attn: General Counsel
Facsimile No.: (916) 654-3805

12.7. Captions, Number and Gender, Exhibits

The captions appearing at the commencement of the articles, sections and subsections of this Agreement are descriptive only and for convenience in reference. Any reference to a section herein includes all subsections thereof. Should there be any conflict between any such caption and the article, section or subsection at the head of which it appears, the article, section or subsection and not the caption shall control and govern the construction of this Agreement. In this Agreement, the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so requires. All exhibits attached hereto and referenced in the body of this Agreement are incorporated herein by such reference.

12.8. Survival

All representations, warranties, covenants and agreements made and all obligations to be performed under the provisions of this Agreement to the extent not performed at or before the Close of Escrow shall survive the Close of Escrow and shall not be deemed to merge with the Grant Deed upon delivery or acceptance thereof. This Agreement shall bind and inure to the benefit of the Parties and their respective successors and assigns.

12.9. Further Action

The Parties shall duly execute and deliver on a timely basis such papers, documents and instruments and perform all acts reasonably necessary or proper to carry out and effectuate the terms of this Agreement. This Section 12.9 shall survive the Close of Escrow.

12.10. Performance

Time is of the essence of this Agreement and of each provision hereof.

12.11. No Presumption Regarding Drafter

The Parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between them, and that this Agreement reflects their mutual agreement regarding the subject matter of this Agreement. Because of the nature of such negotiations and discussions, neither party shall be deemed to be the drafter of this Agreement, and therefore no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

12.12. Days and Months

Unless otherwise stated, all references to days or months herein shall be references to calendar days or calendar months. If the date upon which performance under this Agreement would be due is a Saturday, Sunday or State or federal holiday, then performance shall instead be due on the next business day.

12.13. No Third Party Beneficiary

The Parties do not intend by any provision of this Agreement to confer any right, remedy or benefit, express or implied, on any third party. No third party shall be entitled to enforce or otherwise shall acquire any right, remedy or benefit by any provision of this Agreement.

12.14. Severability

If any provision of this Agreement is found invalid or unenforceable, such provision shall be enforced to the maximum extent possible and the other provisions shall remain in full force and effect to the extent they can be reasonably applied in the absence of such invalid or unenforceable provision.

12.15. Integration

This Agreement supercedes all prior agreements and understandings between the Parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

“SIGNAL”

SIGNAL LANDMARK, a California corporation
(successor by merger to Signal Bolsa Corporation)

By: _____
Raymond J. Pacini, President and Chief
Executive Officer

Date: _____

"STATE"

STATE OF CALIFORNIA ACTING BY AND
THROUGH ITS DEPARTMENT OF FISH AND
GAME, WILDLIFE CONSERVATION BOARD

By: _____
Al Wright, Executive Director

Date: _____

APPROVED BY:

STATE OF CALIFORNIA DEPARTMENT OF
GENERAL SERVICES

By: _____
Name: _____
Title: _____

Date: _____

Acceptance by Title Company

The undersigned Title Company acknowledges receipt on _____, 2004, of a copy of the foregoing Purchase and Sale Agreement and Escrow Instructions executed by Signal and the State, and hereby agrees to comply with the instructions set forth therein. This Escrow is assigned Escrow No. _____.

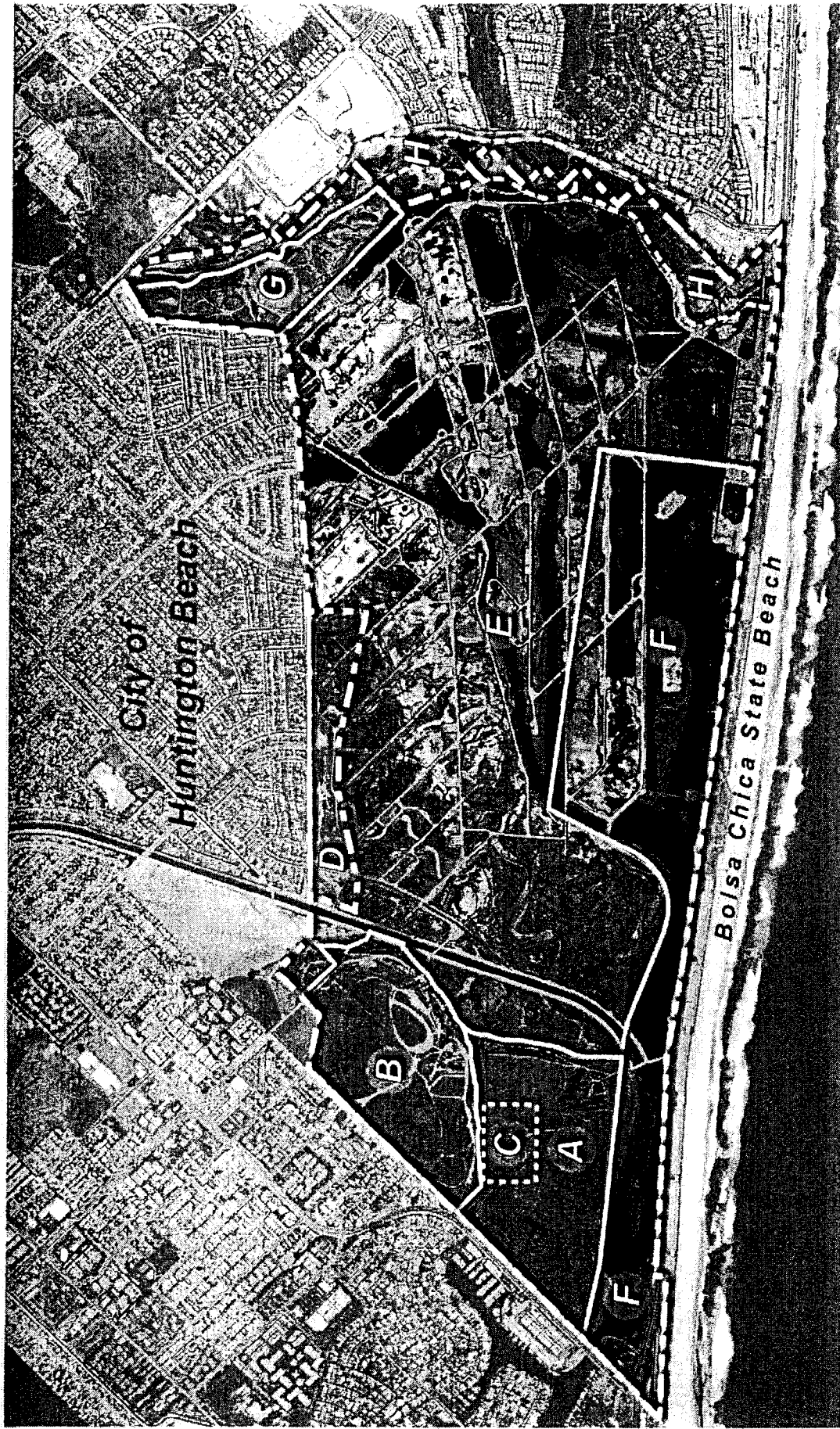
TITLE COMPANY:

FIRST AMERICAN TITLE INSURANCE
COMPANY, a California corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

Depiction



- | | | | |
|---|-------------------------------------|---|--------------------------------|
| A | Lower Bench of the Bolsa Chica Mesa | E | Bolsa Chica Lowlands |
| B | Upper Bench of the Bolsa Chica Mesa | F | Bolsa Chica Ecological Reserve |
| C | Ocean View School District Property | G | Edwards Thumb |
| D | Fieldstone Property | H | Huntington Mesa |

Exhibit A

EXHIBIT B

Legal Description of the Lower Bench

10-0680-01(A)

03-29-04

LEGAL DESCRIPTION
BOLSA CHICA MESA-LOWER BENCH

Real property situated in the Unincorporated Territory of the County of Orange, State of California, described as follows:

That portion of Parcels 1 and 2 of Certificate of Compliance No. CC 92-01 recorded September 2, 1992 as Instrument No. 92-589755 of Official Records in the office of the County Recorder of said County, described as follows:

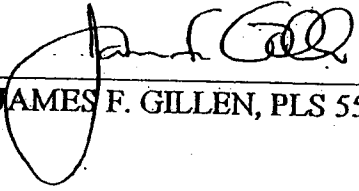
Beginning at the most Westerly corner of the Northwest portion of said Parcel 1; thence South 89°12'47" East 2261.21 feet along the Northerly line of said Northwest portion and the Northerly line of the Northwest portion of said Parcel 2; thence leaving the Northerly line of said Parcels 1 and 2 South 00°00'00" West 433.03 feet; thence South 49°43'42" East 662.71 feet; thence South 0°47'46" West 6.85 feet to the beginning of a non-tangent curve concave Northeasterly having a radius of 139.00 feet, a radial line of said curve to said point bears South 81°30'52" West; thence Southeasterly 121.99 feet along said curve through a central angle of 50°17'02"; thence South 58°46'10" East 66.66 feet; thence South 59°34'35" East 67.58 feet; thence South 54°27'20" East 27.51 feet; thence South 34°37'04" East 37.53 feet to the beginning of a non-tangent curve concave Southwesterly having a radius of 154.00 feet, a radial line of said curve to said point bears North 16°39'26" East; thence Southeasterly 124.52 feet along said curve through a central angle of 46°19'36" to the beginning of a non-tangent curve concave Northeasterly having a radius of 1218.00 feet, a radial line of said curve to said point bears South 50°23'11" West; thence Southeasterly 324.25 feet along said curve through a central angle of 15°15'10"; thence non-tangent South 58°16'43" East 218.56 feet to the beginning of a non-tangent curve concave Northeasterly having a radius of 215.00 feet, a radial line of said curve to said point bears South 64°18'37" West; thence Southeasterly 250.69 feet along said curve through a central angle of 66°48'26"; thence non-tangent South 51°47'02" East 158.76 feet to the general Northerly line of "Conveyance B" of that certain Grant Deed to the State of California recorded February 14, 1997 as Instrument No. 19970069448 of said Official Records; thence along said general Northerly line, the following courses: South 86°10'09" West 94.17 feet, South 59°17'29" West 119.63 feet, South 41°01'30" West 43.91 feet, South 46°26'55" West 38.46 feet, South 64°55'15" West 62.52 feet, South 59°18'01" West 45.36 feet, South 64°03'25" West 48.93 feet, South 59°28'19" West 49.34 feet, South 52°24'32" West 87.39 feet, South 48°35'33" West 88.16 feet, South 42°43'12" West 75.54 feet, South 59°11'48" West 61.27 feet, South 47°03'22" West 75.13 feet, South 55°54'18" West 68.68 feet, South 59°10'56"

West 299.54 feet, South 72°37'48" West 88.28 feet, South 66°27'30" West 96.71 feet, South 56°32'47" West 107.44 feet, South 43°33'42" West 226.40 feet, and South 47°09'21" West 235.29 feet to the Southwesterly line of said Northwest portion of Parcel 1; thence along said Southwesterly line, the following courses: North 39°32'29" West 2657.33 feet and North 32°08'29" West 955.35 feet to the point of beginning.

EXCEPTING therefrom that portion described in the Final Order of Condemnation in favor of the Ocean View School District of Orange County recorded October 21, 1966 in Book 8083, Page 89 of said Official Records.

Containing an area of 103.197 acres, more or less.

Subject to covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.


JAMES F. GILLEN, PLS 5557



WARNER AVENUE

MARINA VIEW
PLACE

LYNN STREET

CERTIFICATE OF COMPLIANCE

NO. CC 92-01

SEE SHEET 2

PCL 1 (N.W. PORTION)

INST. NO.

OCEAN VIEW VIEW SCHOOL
DISTRICT PER 8083/89, O.R.
NOT A PART

PCL 2 (N.W. PORTION)

02-580755, O.R.

SEE SHEET 3

STATE OF CALIFORNIA
PER INST. NO. 19970069448, O.R.
MOST S'LY COR. OF THE NW POR. OF
CERTIFICATE OF COMPLIANCE CC 92-01
CONVEYANCE B

SHEET INDEX MAP

REMSED 4-02-04

HUITT-ZOLLARSHuitt-Zollars, Inc. Irvine
430 Exchange, Suite 200, Irvine, CA 92602-1315
Phone (714) 734-5100 Fax (714) 734-5155

APPROVED BY

LS 5557

SKETCH TO ACCOMPANY
A LEGAL DESCRIPTIONBOLSA CHICA MESA -
LOWER BENCH

EXHIBIT 'B'

SCALE 1" = 600'

DRAWN BY DAO

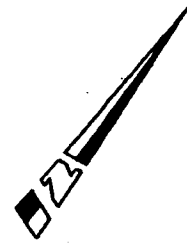
CHECKED BY MJD

DATE 3/29/04

JOB NO.
10-0680-01

P.O.B.
MOST WLY COR. OF THE NW
POR. PCL. 1 OF CERTIFICATE
OF COMPLIANCE NO. CC 92-01.

SCALE: 1" = 300'



N39°32'29"W
SWLY LINE OF NW PORTION PCL. 1
2657.33'
N32°08'29"W
955.35'

NLY LINE OF THE NW POR. PCL. 1 OF
CERTIFICATE OF COMPLIANCE NO. CC 92-01
WARNER AVENUE
N89°12'47"W

PCL. 1 (N.W. PORTION)
CERTIFICATE OF COMPLIANCE
INST. NO. 02-589755, O.R.

103.197 AC.

NLY LINE OF THE NW POR. PCL. 2
OF CERTIFICATE OF COMPLIANCE
NO. CC 92-01

2261.21'

PCL. 2 (N.W. PORTION)
N00°00'00"E 433.03'
N49°43'42"W 662.71'
CC 02-01

OCEAN VIEW
SCHOOL DISTRICT
PER 8083/89, O.R.
NOT A PART
15.000 AC. - NOT INCLUDED
IN THE 103.197 AC.

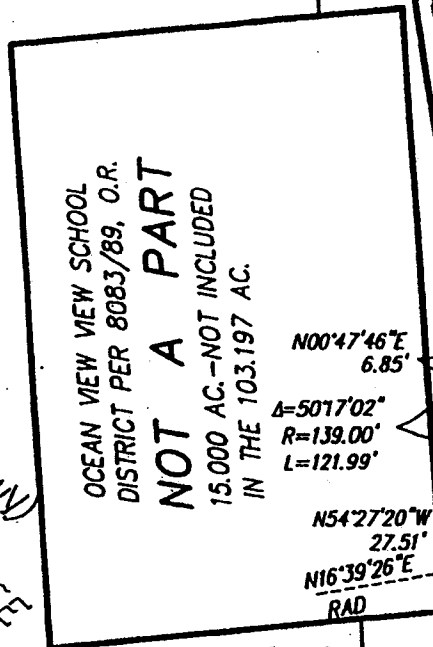
SEE SHEET 3

2657.33'

SCALE: 1" = 300'

PCL 1 (NW. PORTION)
CERTIFICATE OF COMPLIANCE
INST. NO. 02-580755, O.R.

103.197 AC.



PCL 2 (NW. PORTION)

N39°32'29"W

SWLY LINE OF NW PORTION PCL 1

N62°59'02"E RAD
R=154.00'
N50°23'11"E RAD
R=1218.00'

NO.

CC 02-01

GENERAL NLY LINE INST.
NO. 19970069448, O.R.

N47°09'21"E 235.29'
N43°33'42"E 226.40'

STATE OF CALIFORNIA CONVEYANCE B
PER INST. NO. 19970069448, O.R.
MOST SLY COR. OF THE NW POR. OF
CERTIFICATE OF COMPLIANCE CC 92-01

PCL 7 1080/287 O.R.

PCL 1 (SE. PORTION)
PARCEL NO. C5-101 EAST GARDEN GROVE
WINTERSBURG CHANNEL (OCFCD)

PCL 2 (SE. PORTION)

EXHIBIT C

Form of Grant Deed

EXHIBIT C
FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

WILDLIFE CONSERVATION BOARD
1807 13th Street
Suite 103
Sacramento, CA 95814
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

This document is recorded at the request of and for the benefit of the State of California and therefore is exempt from the payment of a recording fee pursuant to California Government Code § 27383 and from payment of documentary transfer tax pursuant to California Revenue and Taxation Code § 11922

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, SIGNAL LANDMARK, successor by merger to Signal Bolsa Corporation, a California corporation ("Grantor") hereby GRANTS TO THE STATE OF CALIFORNIA ("Grantee") that certain real property in the County of Orange, State of California, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"):

EXCEPTING AND RESERVING UNTO GRANTOR a temporary construction easement on and over the property described in Exhibit B attached hereto and incorporated by this reference ("Construction Easement") for the purpose of storing construction equipment and carrying out the widening of Warner Avenue, which adjoins the Construction Easement. The Construction Easement shall automatically terminate and be of no force or effect the earlier of completion of the widening of Warner Avenue or two years from the date of this Grant Deed.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed as of the date indicated.

Dated: _____, 200_

"GRANTOR"

SIGNAL LANDMARK, successor by merger to
Signal Bolsa Corporation, a California corporation

By: _____
Name: _____
Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

On _____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____, _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(AFFIX NOTARIAL SEAL)

NOTARY PUBLIC

10-0680-01(A)
03-29-04

LEGAL DESCRIPTION BOLSA CHICA MESA-LOWER BENCH

Real property situated in the Unincorporated Territory of the County of Orange, State of California, described as follows:

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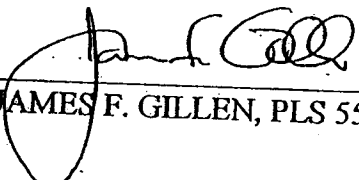
Beginning at the most Westerly corner of the Northwest portion of said Parcel 1; thence South 89°12'47" East 2261.21 feet along the Northerly line of said Northwest portion and the Northerly line of the Northwest portion of said Parcel 2; thence leaving the Northerly line of said Parcels 1 and 2 South 00°00'00" West 433.03 feet; thence South 49°43'42" East 662.71 feet; thence South 0°47'46" West 6.85 feet to the beginning of a non-tangent curve concave Northeasterly having a radius of 139.00 feet, a radial line of said curve to said point bears South 81°30'52" West; thence Southeasterly 121.99 feet along said curve through a central angle of 50°17'02"; thence South 58°46'10" East 66.66 feet; thence South 59°34'35" East 67.58 feet; thence South 54°27'20" East 27.51 feet; thence South 34°37'04" East 37.53 feet to the beginning of a non-tangent curve concave Southwesterly having a radius of 154.00 feet, a radial line of said curve to said point bears North 16°39'26" East; thence Southeasterly 124.52 feet along said curve through a central angle of 46°19'36" to the beginning of a non-tangent curve concave Northeasterly having a radius of 1218.00 feet, a radial line of said curve to said point bears South 50°23'11" West; thence Southeasterly 324.25 feet along said curve through a central angle of 15°15'10"; thence non-tangent South 58°16'43" East 218.56 feet to the beginning of a non-tangent curve concave Northeasterly having a radius of 215.00 feet, a radial line of said curve to said point bears South 64°18'37" West; thence Southeasterly 250.69 feet along said curve through a central angle of 66°48'26"; thence non-tangent South 51°47'02" East 158.76 feet to the general Northerly line of "Conveyance B" of that certain Grant Deed to the State of California recorded February 14, 1997 as Instrument No. 19970069448 of said Official Records; thence along said general Northerly line, the following courses: South 86°10'09" West 94.17 feet, South 59°17'29" West 119.63 feet, South 41°01'30" West 43.91 feet, South 46°26'55" West 38.46 feet, South 64°55'15" West 62.52 feet, South 59°18'01" West 45.36 feet, South 64°03'25" West 48.93 feet, South 59°28'19" West 49.34 feet, South 52°24'32" West 87.39 feet, South 48°35'33" West 88.16 feet, South 42°43'12" West 75.54 feet, South 59°11'48" West 61.27 feet, South 47°03'22" West 75.13 feet, South 55°54'18" West 68.68 feet, South 59°10'56"

West 299.54 feet, South 72°37'48" West 88.28 feet, South 66°27'30" West 96.71 feet, South 56°32'47" West 107.44 feet, South 43°33'42" West 226.40 feet, and South 47°09'21" West 235.29 feet to the Southwesterly line of said Northwest portion of Parcel 1; thence along said Southwesterly line, the following courses: North 39°32'29" West 2657.33 feet and North 32°08'29" West 955.35 feet to the point of beginning.

EXCEPTING therefrom that portion described in the Final Order of Condemnation in favor of the Ocean View School District of Orange County recorded October 21, 1966 in Book 8083, Page 89 of said Official Records.

Containing an area of 103.197 acres, more or less.

Subject to covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.


JAMES F. GILLEN, PLS 5557



WARNER AVENUE

MARINA VIEW
PLACE

LYNN STREET

CERTIFICATE OF COMPLIANCE

NO. CC 92-01

SEE SHEET 2

PCL 1 (N.W. PORTION)

INST. NO.

OCEAN VIEW VIEW SCHOOL
DISTRICT PER 8083/89, O.R.
NOT A PART

PCL 2 (N.W. PORTION)

02-580755, O.R.

SEE SHEET 3

STATE OF CALIFORNIA
PER INST. NO. 19970069448, O.R.
CONVEYANCE B
MOST S'LY COR. OF THE NW POR. OF
CERTIFICATE OF COMPLIANCE CC 92-01

SHEET INDEX MAP

REVISED 4-02-04

HUITT-ZOLLARSHuitt-Zollars, Inc. Irvine
430 Exchange, Suite 200, Irvine, CA 92602-1315
Phone (714) 734-5100 Fax (714) 734-5155

APPROVED BY

LS 5557

SKETCH TO ACCOMPANY
A LEGAL DESCRIPTIONBOLSA CHICA MESA -
LOWER BENCH

SCALE 1" = 600'

DRAWN BY DAO

CHECKED BY MJD

DATE 3/29/04

JOB NO.
10-0680-01

P.O.B.
MOST WLY COR. OF THE NW
POR. PCL. 1 OF CERTIFICATE
OF COMPLIANCE NO. CC 92-01.

SCALE: 1" = 300'

N39°32'29"W
2657.33'
SWLY LINE OF NW PORTION PCL. 1

955.35'

N32°08'29"W

N89°12'47"W

NLY LINE OF THE NW POR. PCL. 1 OF
CERTIFICATE OF COMPLIANCE NO. CC 92-01
WARNER AVENUE

NLY LINE OF THE NW POR. PCL. 2
OF CERTIFICATE OF COMPLIANCE
NO. CC 92-01

PCL. 1 (NW. PORTION)
CERTIFICATE OF COMPLIANCE
INST. NO. 92-589755, O.R.

103.197 AC.

2261.21'

PCL. 2 (NW. PORTION)
CC 92-01

N49°43'42"W 662.71'

OCEAN VIEW
SCHOOL DISTRICT
PER 8083/89, O.R.
NOT A PART
15.000 AC.-NOT INCLUDED
IN THE 103.197 AC.

SEE SHEET 3

2657.33'

SCALE: 1" = 300'

PCL 1 (NW. PORTION)
 CERTIFICATE OF COMPLIANCE
 INST. NO. 02-589755, O.R.

103.197 AC.

OCEAN VIEW VIEW SCHOOL
 DISTRICT PER 8083/89, O.R.
NOT A PART
 15.000 AC. - NOT INCLUDED
 IN THE 103.197 AC.

PCL 2 (NW. PORTION)

N39°32'29"W

SWLY LINE OF NW PORTION PCL 1

N47°09'21"E 235.29'
 N43°33'42"E 226.40'

STATE OF CALIFORNIA CONVEYANCE B
 PER INST. NO. 19970069448, O.R.
 MOST S'LY COR. OF THE NW POR. OF
 CERTIFICATE OF COMPLIANCE CC 92-01

GENERAL N'LY LINE INST.
 NO. 19970069448, O.R.

CC 92-01

N62°59'02"E RAD
 R=154.00'
 N50°23'11"E RAD
 R=1218.00'

N00°47'46"E 6.85'
 Δ=50°17'02"
 R=139.00'
 L=121.99'

N54°27'20"W 27.51'
 N16°39'26"E
 RAD

N81°30'52"E
 RAD

N58°46'10"W 66.66'

N59°34'35"W 67.58'
 N34°37'04"W 37.53'

Δ=46°19'36"
 R=154.00'
 L=124.52'

Δ=15°15'10"
 R=1218.00'
 L=324.25'

N35°08'01"E
 RAD

N64°18'37"E
 RAD

Δ=66°48'26"
 R=215.00'
 L=250.69'

N59°10'56"E 299.54'

N55°54'18"E 68.68'
 N59°11'48"E 61.27'

N47°03'22"E 75.13'
 N42°43'12"E 75.54'

N48°35'33"E 88.16'
 N52°24'32"E 87.39'

N64°03'25"E 48.93'
 N59°28'19"E 49.34'

N59°18'01"E 45.36'
 N46°26'55"E 38.46'

N02°29'49"W 151.17'
 N02°29'49"W 151.17'

N51°47'02"E 94.17'
 N86°10'09"E 94.17'

PCL 7 1080/287 O.R.

PCL 1 (SE. PORTION)
 PARCEL NO. C5-101 EAST GARDEN GROVE
 WINTERSBURG CHANNEL (OCFCD)

PCL 2 (SE. PORTION)

10-0680-01 (A)
06-22-04

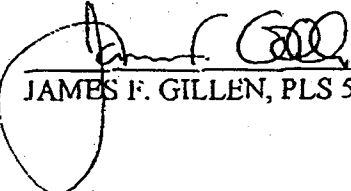
EXHIBIT "B"
LEGAL DESCRIPTION
TEMPORARY CONSTRUCTION EASEMENT

That portion of Parcel 2 of Certificate of Compliance No. CC 92-01, in the Unincorporated Territory of the County of Orange, State of California, recorded September 2, 1992 as Instrument No. 92-589755 of Official Records, in the office of the County Recorder of said County, described as follows:

Beginning at the most Westerly corner of the Northwest portion of Parcel 1 of said Certificate of Compliance No. CC 92-01; thence South 89°12'47" East 1991.21 feet along the Northerly line of said Northwest portion and the Northerly line of the Northwest portion of said Parcel 2 to the TRUE POINT OF BEGINNING; thence continuing South 89°12'47" East 270.00 feet along said Northerly line of the Northwest portion of said Parcel 2; thence leaving said Northerly line South 00°00'00" West 20.00 feet to a line being parallel with and 20.00 feet Southerly of said Northerly line; thence North 89°12'47" West 270.27 feet along said parallel line; thence leaving said parallel line North 0°47'13" East 20.00 feet to the TRUE POINT OF BEGINNING.

Subject to covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.

See Exhibit "B" attached hereto and by this reference made a part hereof.



JAMES F. GILLEN, PLS 5557



P.O.B.
MOST WLY COR. OF THE NW
POR. PCL 1 OF CERTIFICATE
OF COMPLIANCE NO. CC 92-01.

NLY LINE OF THE NW POR. PCL 1 OF
CERTIFICATE OF COMPLIANCE NO. CC 92-01
C/L
WARNER

N89°12'47"W
1991.21'

CERTIFICATE OF COMPLIANCE
PCL. 1 (NW. PORTION)

INST. NO. 02-580755, O.R.
NO. CC 92-01



NLY LINE OF THE NW POR. PCL 2
OF CERTIFICATE OF COMPLIANCE
NO. CC 92-01
AVENUE

T.P.O.B.

N0°47'13"E
20.00'

270.00'
20'
270.27'

PCL.
(NW. PORTION)
NORTH
20.00'

HUITT-ZOLLARS

Huitt-Zollars, Inc. Irvine
430 Exchange, Suite 200, Irvine, CA 92602-1315
Phone (714) 734-5100 Fax (714) 734-5155

APPROVED BY

James F. Gillen

LS 5557

SKETCH TO ACCOMPANY
A LEGAL DESCRIPTION

TEMPORARY
CONSTRUCTION EASEMENT

EXHIBIT "B"

SCALE 1" = 200'

DRAWN BY DAO

CHECKED BY MJD

DATE 6/22/04

JOB NO.
10-0680-01

EXHIBIT D

Natural Hazard Disclosure Statement

Subdivision: Bolsa Chica Mesa - Lower Bench

PDR is a registered trademark.



A Member of The First American Family of Companies

1590 N. Batavia Street, Suite #1 Orange, CA 92865

PLEASE VERIFY THAT THE PROPERTY INFORMATION BELOW IS CORRECT.

Underlying APN:

Subdivision: Bolsa Chica Mesa - Lower Bench

Project Name:

City, State, Zip: HUNTINGTON BEACH CA 92649

PDR Date: Tuesday, June 22, 2004

SIGNAL LANDMARK

ATTN: ED MOUNTFORD

6 EXECUTIVE CIRCLE, # 250

IRVINE, CA 92614

The Company is pleased to provide the Recipient with this Subdivision Property Disclosure Report ("PDR") for the Property identified above. Please note that this PDR is a contract subject to the Terms, Conditions, and Limitations on Liability set forth herein which should be reviewed carefully.

The information contained in this PDR is derived as of the PDR Date from certain specified Public Records within the control of the governmental entities described in Schedule A ("Natural Hazard Disclosure Summary"). The information set forth in Schedule A relates to the natural hazard zones specified for which disclosure is required by those California law specified in Schedule A and Section 5 ("PDR Reporting Standards") of the "Terms, Conditions, and Limitations on Liability" of this PDR. The information set forth in Schedule B is provided by the Company to facilitate compliance with only those disclosures specified in Schedule B. Please note that this PDR is NOT based upon a physical inspection of the Property.

THE "NATURAL HAZARD (SUPPLEMENTAL QUESTIONNAIRE)" ("FORM RE-619"), A STATUTORY FORM REQUIRED BY THE CALIFORNIA DEPARTMENT OF REAL ESTATE ("DRE"), HAS BEEN COMPLETED AS OF THE PDR DATE IN ACCORDANCE WITH THE TERMS OF THIS PDR AND IS PROVIDED WITH THIS PDR AS AN ACCOMMODATION ONLY AND IS NOT PART OF THE PDR. PLEASE NOTE THAT THE DRE REQUIRES THAT THIS STATUTORY FORM BE EXECUTED AND DELIVERED BY THE SUBDIVIDER TO THE DRE.

*If you have any questions or comments regarding this PDR,
please contact the Company's Customer Service Department at (800) 200-2561.*

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Is any portion of the Property located within a Special Flood Hazard Area ("SFHA") according to the Public Record specified below as of the PDR Date?

Yes _____ No X Do not know / information not available from local jurisdiction _____

Public Record: Official Flood Insurance Rate Maps ("FIRM") compiled and issued by FEMA pursuant to 42 United States Code §4001, et seq.

Note: If the Property is subject to either a Letter of Map Amendment ("LOMA") or Letter of Map Revision ("LOMR") issued by the Federal Emergency Management Agency ("FEMA"), a copy of the LOMA or the LOMR must be attached to the Natural Hazard Disclosure Statement ("NHDS") or appropriate disclosure statement. The Company is not always able to determine if the Property is subject to a LOMA or a LOMR. Even if such information is available to the Company, the Company is unable to attach a copy of the LOMA or LOMR to the NHDS. If Seller is aware that the Property is subject to a LOMR or a LOMA, the Seller shall attach a copy to the NHDS and notify the Company.

Is any portion of the Property located within an Area of Potential Flooding according to the Public Record specified below as of the PDR Date?

Yes X No _____ Do not know / information not available from local jurisdiction _____

Public Record: Official dam inundation maps issued by the California Office of Emergency Services ("OES") pursuant to California Government Code §8589.5.

Is any portion of the Property located within a Very High Fire Hazard Severity Zone according to the Public Record specified below as of the PDR Date?

Yes _____ No X

Public Record: Official maps issued by the California Department of Forestry and Fire Protection pursuant to California Government Code §51178. **NOTE:** Records, data, or maps made publicly available by one or more local agencies or provided to the Company pursuant to California Government Code §51179 and §65302(g) may be used to supplement CDFFP data. For more information, please contact the Company's Customer Service Department.

Is any portion of the Property located within a Wildland – State Responsibility Area according to the Public Record specified below as of the PDR Date?

Yes _____ No X

Public Record: Official maps issued by the California Department of Forestry and Fire Protection pursuant to California Public Resources Code §4125.

Is any portion of the Property located within an Earthquake Fault Zone according to the Public Record specified below as of the PDR Date?

Yes X No _____

Public Record: Official earthquake fault zone or special study zone maps approved by the State Geologist and issued by the California Department of Conservation, Division of Mines and Geology pursuant to California Public Resources Code §2622.

Is any portion of the Property located within a Seismic Hazard Zone (Area of Potential Liquefaction) according to the Public Record specified below as of the PDR Date?

Yes X No _____ Maps not yet released by state _____

Is any portion of the Property located within a Seismic Hazard Zone (Area of Potential Landslide) according to the Public Record specified below as of the PDR Date?

Yes _____ No X Maps not yet released by state _____

Public Record: Official seismic hazard zone maps approved by the State Geologist and issued by the California Department of Conservation, Division of Mines and Geology pursuant to California Public Resources Code §2696.

As of the PDR Date, is any portion of the Property located within one or more Airport Influence Area(s) ("AIA") according to the Public Record specified below?

Yes _____ No X

PUBLIC RECORD: Official land use maps and/or digital data made available to the Company by governing Airport Land Use Commission ("ALUC") or other designated body.

This Schedule B-1 uses the following definitions in addition to those specified in Section 1 of the "Terms, Conditions and Limitations on Liability":

TERM	DEFINITION
Airport Influence Area ("AIA")	The area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses determined by an airport land use commission. Also known as "Airport Referral Area." (California Business & Professions Code §11010). In most cases, this boundary is designated by an ALUC as the <i>planning area boundary</i> of the airport (California Airport Land Use Planning Handbook, January 2002). NOTE: An AIA is mapped as a <i>polygon</i> as represented in size, shape, and position in the Public Record.

This Schedule B-1 uses the following Reporting Standards in addition to those specified in Section 5 of the "Terms, Conditions and Limitations on Liability." The following information is **NOT** disclosed in this Schedule B-1:

- o AIAs for airports located outside California.
- o AIAs for public use airports not identified in the Public Record.
- o AIAs for private airports or military air facilities unless specifically identified in the Public Record.

IMPORTANT NOTES:

1. Airports located in a small number of communities in which the governing ALUC or other designated body has not delineated an AIA boundary in a publicly available map are not a part of the Public Record. Property owners in such communities should contact their ALUC or designated body for more information on statutory compliance.
2. This Schedule B-1 does not relieve Recipient of, and should not be relied upon as a substitute for, other disclosure obligations imposed upon Recipient by other statutes or California Department of Real Estate filing requirements concerning the location of airports with respect to the Property.

State law requires any person who intends to offer subdivided lands within California for sale or lease to file with the Department of Real Estate an application for a public report consisting of a notice of intention and a completed questionnaire that includes, among other things, the location of all existing airports, and of all proposed airports shown on the general plan of any city or county, located within 2 statute miles of the subdivision. State law also requires that a copy of the public report of the Real Estate Commissioner, when issued, be given to the prospective purchaser by the owner, subdivider, or agent prior to the execution of a binding contract or agreement for the sale or lease of any lot or parcel in a subdivision or upon request by any member of the public. Effective 1 January 2004 California Business & Professions Code §11010 requires the notice of intention filed with the application for a public report, to include a statement regarding whether the property is encompassed within an airport influence area, as defined. If the property is encompassed within an airport influence area, then a statutory "Notice of Airport in Vicinity" shall be filed with said notice. **This language is contained in this Schedule B-1 to facilitate statutory compliance if any portion of the Property is located within one or more Airport Influence Area(s) as identified in the Public Record.**

For more information regarding a particular Airport Influence Area, please contact the Airport Land Use Commission or designated body in your community

The following information is a summary of the most basic aspects of natural hazard disclosure requirements pursuant to the California Department of Real Estate "Natural Hazard (Supplemental Questionnaire)" ("Form RE-619"). Please note that a property owner and his/her agent may still be subject to additional disclosures required by other State laws or county, city, or local ordinances.

California law requires a transferor of real property (if acting alone) or his/her agent to disclose to a prospective transferee if any portion of said property is located within any of the following natural hazard areas/zones:

	Natural Hazard Area/Zone	Public Record Source
1	Special Flood Hazard Area	Federal Emergency Management Agency
2	Area of Potential Flooding	California Office of Emergency Services
3	Very High Fire Hazard Severity Area	California Department of Forestry and Fire Protection
4	Wildland - State Responsibility Area	
5	Earthquake Fault Zone	California Department of Conservation, Division of Mines and Geology
6a	Seismic Hazard Zone (Area of Potential Liquefaction)	
6b	Seismic Hazard Zone (Area of Potential Landslide)	

California law requires disclosure if a seller, if acting alone, or seller's agent who has actual knowledge that a property is located within one or more of these areas/zones or if the local jurisdiction has compiled a list, by parcel, of properties that are within said area/zone and a notice has been posted at the offices of the county recorder, county assessor, and county planning agency that identifies the location of the parcel list.

Pursuant to this requirement, the California Department of Real Estate ("DRE") implemented the "Natural Hazard (Supplemental Questionnaire)" (DRE Form RE 619) in the fall of 1998. Independent of other separate disclosures required regarding these zones/areas, the DRE requires subdividers to include this disclosure in a public report to advise prospective purchasers if a subdivision is located within any of the areas/zones cited above.

Changes to public records subsequent to the completion and submittal of a Form RE 619 may affect the location of a property with respect to said areas/zones. For this reason, Form RE 619 reminds applicants that "future changes which place any part of the unsold lots/units in this subdivision within a natural hazard area will be considered a material change requiring the filing of an amended public report application."

- For more detailed information on disclosure requirements, please contact the Sacramento or Los Angeles subdivision office of the California Department of Real Estate or visit their official website at www.dre.ca.gov. Visitors to this official website may also be able to view/download a current copy of DRE Form RE-619.
- For more information regarding public records used for disclosure, please contact the following agencies:

Governmental Agency	Official Website Address
Federal Emergency Management Agency	www.fema.gov
California Office of Emergency Services	www.oes.ca.gov
California Department of Forestry and Fire Protection	www.fire.ca.gov
California Department of Conservation, Division of Mines and Geology	www.consrv.ca.gov

Copies of applicable statutes may be obtained at your local law library or on the Internet at www.leginfo.ca.gov

TERM	DEFINITION
Addressee	The party to whom this PDR is initially delivered as specified on the Information Page.
Company	The Company as specified (with its address) on the Information Page of this PDR.
Damages Limit	The limitation on liability under this PDR as defined in Section 6 ("Limitation on Damages") below.
DRE	The State of California Department of Real Estate.
Information Page	The first page of this PDR which (a) identifies the Company; the PDR Date; and the Property; (b) contains the name and address of who received this PDR; and (c) contains a Notice.
Natural Hazards (Supplemental Questionnaire)	A statutory form for natural hazard disclosure promulgated by the California Department of Real Estate. Also known as "Form RE-619." This form is provided to the Recipient as an accommodation only.
PDR	This Property Disclosure Report ("PDR") which consists of (a) Information Page, (b) <u>Schedule A</u> ("Natural Hazard Disclosure Summary"), (c) <u>Schedule B</u> ("Summary of Additional Disclosures"), (d) "Information on Natural Hazard Disclosures," and (e) these "Terms, Conditions, and Limitations on Liability."
PDR Date	The date specified on the Information Page as of which the information in the PDR Summaries was obtained from the Public Records.
PDR Summaries	<u>Schedule A</u> ("Natural Hazard Disclosure Summary") and <u>Schedule B</u> ("Summary of Additional Disclosures"), both of which contain information about the specified Risk Elements for the Property as disclosed by the Public Records as of the PDR Date in compliance with the Reporting Standards.
Property	The real property identified on the Information Page that is owned by the Recipient as of the PDR Date. The location of the Property shall be based upon information provided to the Company by the Recipient including, but not limited to, tentative maps, final maps, parcel maps, certificates of compliance, lot line adjustments, and other maps or documents that fall within provisions of the Subdivision Map Act, whether filed with a county recorder or in the preliminary stage. The term "Property" does not include any interests beyond the lines described or referred to on the Information Page, nor any right, title, interest, estate or easement in abutting streets, alleys, or other rights of way, or water, watercourses, or waterways. The term "Property" may consist of more than one legal parcel, more than one tract of land, or portions of multiple tracts if each is assigned an assessor's parcel number that is identified on the Information Page or on an addendum to this PDR or (2) a legal description for all tracts (or portions thereof) identified is provided on the Information Page or on an addendum to this PDR.
Public Record(s)	The records, data, or maps specified by the applicable governmental agency and which are publicly available as of the PDR Date and specified in the PDR Summaries.
Recipient	The owner; subdivider; corporation; limited liability company, partnership, or other legal entity named as subdivider; or authorized agent thereof to be designated on the Form RE 619 to be submitted to the DRE for the Property identified on the Information Page of this PDR as of the PDR Date. This term does not include any third party.
Reporting Standards	The standards set forth in Section 5 below which are used for the reporting of the Risk Elements for the Property.
Risk Element	Each specified risk element disclosed by the Public Records identified in the PDR Summaries which was reported in accordance with the Reporting Standards.

This PDR is NOT AN INSURANCE POLICY. THIS PDR IS NOT A SUBSTITUTE FOR THE RECIPIENT OBTAINING PROPERTY & CASUALTY INSURANCE POLICIES which will provide coverage against losses incurred as a result of earthquakes, fires, flooding, environmental hazards, or any other kind of risks associated with the Property. If the Recipient wishes to obtain insurance for physical risks to the Property, various forms of coverage are available from private and public sources, such as fire or environmental insurance through private insurance carriers, flood insurance through the National Flood Insurance Program, and earthquake insurance through the California Earthquake Authority.

This PDR may be relied upon only by the Recipient within the limitations specified herein. This PDR may not be relied upon by any person or entity other than Recipient without the express written consent of the Company. The Recipient shall not take any action that may induce a third party to rely on the information in this PDR.

The Recipient recognizes that while it is possible the Company may have knowledge of other facts concerning the Property, the Company is under no duty or responsibility to disclose such information to the Recipient.

This PDR is a Public Records disclosure report designed to assist the Recipient to comply with those disclosures requirements specified in PDR Summaries. This PDR (a) may not satisfy disclosure obligations under other laws applicable to the Property, and (b) does not disclose the specific or actual condition or character of the Property.

This PDR is NOT based upon an inspection of the Property and should not be used as a substitute for (1) appropriate inspection(s) conducted by a qualified professional, (2) geologic, geotechnical, or other reports required by governmental agencies, or (3) any other inspections or reports required by applicable laws in connection with the transfer of residential real property.

Maps that may be attached to this PDR are provided as an accommodation only and are NOT a part of this PDR. The locations of zones, areas, districts, the Property, and other information depicted on any maps, are APPROXIMATIONS ONLY. The Recipient should not rely these maps to determine the location of the Property with respect to the Risk Elements specified in PDR Summaries.

This PDR was prepared based upon a review of ONLY those Public Records specifically cited in the PDR Summaries. The Company makes no representation or warranty regarding the accuracy, completeness, validity, reliability, integrity, or accessibility of any Public Records used to prepare this PDR, nor does the Company assume any responsibility for any other information provided or not provided by the Seller, third parties or the Public Records.

From time to time the Public Records released and made publicly available by appropriate authorities are modified and, therefore, information regarding the location of the Property with respect to the Risk Element may change. **The Company has no obligation to advise the Recipient of a change in the Public Records or to update the information in this PDR after the PDR Date.** However, if The Company determines that an error has occurred, The Company may prepare an amendment or supplement to this PDR. This PDR Shall be deemed supplemented and amended as of the date of delivery of such amendment or supplement to the Recipient.

The natural hazard disclosure laws cited in Section 5.6(E) are "property-specific." Therefore, if any portion of the Property is located within a specified natural hazard zone/area, then the entire Property is regarded as being located in that zone/area. This is different from the "structure-specific" standard for flood zone determinations under the National Flood Insurance Program which only identifies if the structure or mobile home on the Property is located within a special flood hazard area.

A PDR may be issued for a Property with multiple legal parcels so long as all parcels (1) are assigned a valid assessor's parcel number that is identified on the Information Page or on an addendum to this PDR or (2) a legal description for all tracts (or portions thereof) identified is provided on the Information Page or on an addendum to this PDR. Therefore, if one or more of said parcels constituting the Property is located within a specified Risk Element, then all parcels identified shall be considered to be affected by this Risk Element.

The fact that the Property is located outside of a natural hazard area/zone according to the Public Records does not necessarily mean that the Property may not be subject to the effects of that natural hazard. Regardless of the Property's location with respect to a given natural hazard area/zone, the potential risk associated with such a natural hazard should be assessed and appropriate measures should be considered to minimize the impact of that natural hazard on the Property.

If the Public Record for a Risk Element is not of sufficient accuracy or scale that a reasonable person can determine if the Property is within the Risk Element area or zone, "yes" will be marked for that Risk Element on the PDR Summaries.

A. Special Flood Hazard Area (California Government Code §8589.3)

Federal law established the Federal Emergency Management Agency ("FEMA") to compile Flood Insurance Rate Maps ("FIRM") identifying areas of potential flooding from natural sources. FIRMs specify certain "zones" and are commonly used to determine requirements for flood insurance. Any type of zone "A" or "V" is classified by FEMA as a special flood hazard area ("SFHA"). Federal law mandates flood insurance if any part of the structure is located within a SFHA. However, California law mandates disclosure if any portion of the residential property is located within a SFHA. **Therefore, even though a property may not be deemed to be located within a SFHA for federal flood insurance purposes, it may be within a SFHA for disclosure purposes under the Residential Natural Hazard Disclosure Law.**

If the Property has been (a) excluded from the applicable FIRM due to a Letter of Map Revision ("LOMR"); or (b) included in the applicable FIRM due to a Letter of Map Amendment ("LOMA"), and the LOMR or LOMA has been provided to the Company, then this PDR will indicate the appropriate answer on Schedule A ("Natural Hazard Disclosure Summary"). **Please note: The Company does not attach the LOMR or the LOMA to the statutory form. A copy of the LOMR or LOMA must be attached to the statutory disclosure form by the Seller or the Buyer must request that it be provided by the Seller.**

B. Area of Potential Flooding (California Government Code §8589.5)

The California Office of Emergency Services ("OES") provides the official maps with respect to areas of potential flooding under California Government Code §8589.4 but has yet to review and submit approved maps for numerous dams. Please note: (1) although dams may exist, if maps regarding a specific dam are not a part of the OES information, then this PDR may not reference all dams within an area of potential inundation for the Property; (2) if a map in the OES records shows areas of potential flooding, whether or not the map has been formally marked "approved" by the OES, the area is reported in this PDR as being within a potential flood area; and (3) although federal dams are not subject to state laws, the federal authorities have voluntarily provided maps or information for some dams and to the extent such information is part of the OES official records, the information on those dams is reported in this PDR.

C. Earthquake Fault Zone (California Public Resources Code §2622)

California law (California Public Resources Code §2621 *et seq.*, also known as "the Alquist-Priolo Earthquake Fault Zoning Act") requires the disclosure of only those faults known to date that are classified as "active" by the State Geologist and delineated on Earthquake Fault Zone or Special Study Zone maps issued by the California Department of Conservation, Division of Mines and Geology. However, such maps have only been created and approved for a portion of California. Therefore, if there is no official map for the area of the Property, the Earthquake Fault Zone element of the Schedule A ("Natural Hazard Disclosure Summary") will be marked "No."

D. Seismic Hazard Zone (California Public Resources Code §2696)

California law (California Public Resources Code §2690 *et seq.*, also known as "the Seismic Hazards Mapping Act") also requires the disclosure of seismic hazard zones identified on official seismic hazard zone maps issued by the California Department of Conservation, Division of Mines and Geology as compiled by the State Geologist in compliance with California Public Resources Code §2696. These maps identify areas of potential liquefaction and areas of potential earthquake-induced landslides. Please note: because official seismic hazard zone maps are currently available only for selected portions of the Bay Area and Southern California, the Seismic Hazard Zone element of the Schedule A ("Natural Hazard Disclosure Summary") will be marked "Maps Not Available" for the Property if it is located in an area for which there is no official map; and (2) currently available official maps that include coastal communities do not identify potential areas of tsunami or seiche.

Any additional disclosures contained in the Schedule B are subject to the Reporting Standards set forth in Schedule B with that specific disclosure.

The Recipient recognizes that the fee charged for this PDR is not of a magnitude or in the nature of an insurance premium and does not cover the potential liability associated with any such risks. Therefore, as part of the consideration for this PDR, the Recipient understands and agrees to the following damage limitations ("Damages Limit"):

- (a) the Company's liability to the Recipient shall only be for losses and damages suffered by that Recipient which are a direct result of any material error or omission contained in this PDR and shall be limited to the LESSER OF: (1) actual provable damages measured by diminution in the fair market value of the Property suffered by the Recipient as a result of such error, or (2) FIFTY THOUSAND DOLLARS (\$50,000.00); and
- (b) the Company shall not be liable for indirect, special, consequential, multiple, exemplary, or punitive damages (including but not limited to, personal injury, property damage, etc.) or other type of damage not listed and described in subparagraph (a) of this provision.

The Damages Limit shall apply to any and all claims, actions, or proceedings by the Recipient regardless of whether (i) this PDR contains multiple errors or omissions, (ii) the Property identified in this PDR consists of more than one parcel, and/or (iii) there is more than one Recipient. In no event shall the Company be liable for more than the Damages Limit on a cumulative basis for any and all claims made by any or all Recipients under this PDR. The Recipient acknowledges that the Company shall have no responsibility or liability to the Recipient for any matters known to the Recipient (including errors in this PDR) and not disclosed to all other Recipients and the Company in writing prior to the PDR Date. The Company's obligations under this PDR shall not be affected or reduced as to the Recipient who has no knowledge of any such information which is not disclosed by another Recipient. The Company shall also not be liable for loss or damages (a) incurred by reason of the delay by the Recipient to file a claim to the extent that such delay prejudices the right of the Company or increases the amount of damages; and (b) voluntarily assumed by the Recipient in settling any claim or suit without the prior written consent of the Company. The Company shall be subrogated to any and all rights that the Recipient may have against any other person or entity (including any other Recipient) and such Recipient shall be obligated to cooperate with the Company in pursuing such rights.

In the event of any omission or inaccuracy in this PDR, the Company shall have NO DUTY TO DEFEND RECIPIENT or pay any costs or expenses incurred by the Recipient in defense of a claim by reason of any omission or inaccuracy in this PDR. The Recipient acknowledges that Company has no obligation to defend the Recipient based upon California Civil Code §2778 or any other law. The Company shall not be responsible or otherwise liable for any attorneys' fees, expenses, and costs incurred in connection with any lawsuit, action, or proceeding based upon this PDR or the Recipient's failure to comply with any state or federal disclosure requirements.

All claims and notices shall be sent by the Recipient as soon as practicable to the Company, Attn.: Legal Department. All claims must be initiated in a timely and efficient manner but, in no event, more than six (6) months after the discovery by the Recipient of the alleged error, claim, breach, or omission. Failure to make such claim within this period constitutes an absolute bar to the institution of any proceeding, claim, or action against the Company.

Unless prohibited by applicable law, either the Company or the Recipient may require the other party to submit to binding arbitration pursuant to the commercial arbitration rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Recipient arising out of or relating to this PDR or arising from any service of the Company performed in connection with its issuance of this PDR. Arbitration shall be governed by the commercial arbitration rules in effect on the date the demand for arbitration is made and the parties shall be entitled to discovery as permitted by applicable law. Arbitration shall be binding. In no event shall the arbitration award (a) exceed the Damages Limit (defined in Section 6 above), or (b) include attorneys' fees. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. California law shall apply to an arbitration under this PDR. Under no circumstances shall the parties' arbitration rights constitute a waiver of, or diminish in any way, the Damages Limit

Recipient understands and agrees that a cancellation fee of five hundred dollars (\$500.00) shall be applied by and remitted to the Company should the transaction pursuant to the issuance of this Report and the accompanying Form RE 619 not be consummated. By accepting this Report and the accompanying Form RE 619, Recipient agrees to provide the Company with formal written notification should the pursuant transaction not be consummated, at which time the Company shall be relieved of all liability incurred by Recipient's acceptance of this Report.

END OF "TERMS, CONDITIONS, AND LIMITATIONS ON LIABILITY."
END OF PDR.

EXHIBIT E

Hazardous Materials Disclosure

EXHIBIT E
HAZARDOUS MATERIALS DISCLOSURE

1. Preliminary Results of Environmental Site Assessment (Phase I and II) of the Bolsa Chica Mesa property, Orange County, California, dated January 21, 1998, prepared by PIC Environmental Services.
2. Phase I Environment Site Assessment Bolsa Chica Mesa Property, dated June 1996, prepared by Earth Tech, Inc.
3. Phase II Environmental Site Assessment, dated December 15, 1998, prepared by PIC Environmental Services.
4. Hazardous Materials have been found in areas adjacent to the Lower Bench in the "Reserve," "Lowlands" and "Fieldstone Property."